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News Summary

GENERAL
Labour 12-point pro-EEC rise on drive Wall St. opens

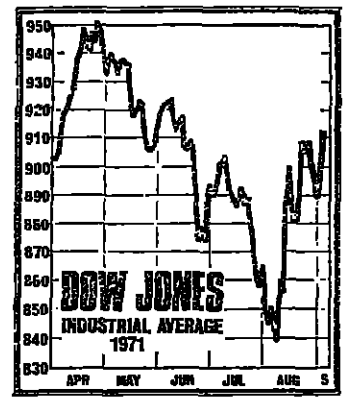
Lord George-Brown opened the Labour for Europe campaign last night with strong reaffirmation that a Labour Government would have accepted the terms for Britain's entry into the Common Market.

He told the first of 11 campaign meetings organised by the Labour Committee for Europe that it was "rubbish" for Labour to reject the terms because there was a Conservative Government. He added: "I am not a cheat and I can assure you that on these terms we would have recommended to go in."

The party's official campaign against entry opens on Wednesday with a Bradford rally to be addressed by Mr. Callaghan, Mr. Roy Jenkins, Mr. Michael Stewart, Mr. George Thompson and Mr. Harold Lever are all scheduled to speak in the Labour pro-market campaign.

BUSINESS
12-point rise on Wall St.

WALL STREET advanced strongly over a wide front, with the changed outlook for the



economy again cited as the major factor. The index closed at 912.75 for a gain of 12.12.

LONDON EQUITIES ended the Account on a quiet but steady note, the index closing 1.4 down at 417.3 for a gain on the Account of 8.1.

Court ruling
The Executive of NALGO, Britain's biggest white-collar union, must not direct its TUC delegation to vote for British entry into the Common Market, a High Court judge ruled yesterday.

Mr. Justice Goulding, after a two-day hearing of an application brought by Leeds branch officers, ordered the Executive to withdraw its direction to the TUC delegates to support a pro-market resolution and oppose an anti-market one. The decision will ensure success for the anti-marketers, who now command a majority of votes at the Congress. Back Page

Berlin accord signed

After an acceptable German language text had been produced after another night of argument, the four-power agreement on Berlin was signed in West Berlin yesterday. The first important East-West treaty since the war, it lays down the principle of unimpeded access to West Berlin by road, rail and waterway through East German territory. Page 9

Ky threat on Vietnam poll

South Vietnam Vice-President Nguyen Can Ky is reported to have given President Thieu two weeks to call off the October 3 Presidential elections, in which he is the only candidate, or risk what is called a constitutional crisis. Ky and former head of state General Van Thieu have withdrawn from the election, alleging it is rigged. The election is considered crucial to the American stand on Vietnam.

Police board fire trowler

After boarding the Hull trowler when she docked at Aberdeen yesterday after reports of attempted fire-raising on board, four fire broke out in a short time of each other. The ship was of the north-east of Scotland. Skipper Les Hardson immediately headed Aberdeen.

People and places

Macclesfield by-election is set to be held on September 10. Others are due to be at Strirling and Falkirk on September 11 and Widnes on September 20.

on Roads in East Pakistan
so far killed 160 people, 100 to officials reported. Pakistan now has its first governor under President Yahya Khan. Dr. Abdul Malik, 65.

Brian at Benidorm after a man contracted the

schoolboy David GCE 'O' level passade before him.

but oil-rich state yesterday officially announced with the new treaty of Britain.

New long 'tap'

GILTS were firm before and after news that the old long-dated "tap" stock was exhausted, the Government Securities index rising 6.08 to a new peak for the year of 76.38. A new £60m long "tap" offer of 81 per cent, 1987-90 stock at 96 was announced at the close and is expected to give the market further impetus. Back Page: Page 12

THE £ closed slightly higher at 2.46.

GOULD rose 3/4c to \$11.75.

TREASURY BILL RATE fell 0.8875 per cent to 4.9165 per cent.

THE DOLLAR was fractionally weaker against most currencies as the second week with the major European currencies floating against it came to a quiet close. Most Continental centres stopped dealing at mid-day, and London business was thin throughout. The £ closed at \$2.46 (against \$2.4590 on Thursday) after \$2.4563-\$2.465 during the day. The financial franc rose further to about 41 per cent above the old parity.

Davies move on Clyde

INDUSTRY SECRETARY Davies paid a surprise visit to Scotland yesterday for "informal, private talks" on the Upper Clyde's future. In fact, he was believed to have contacted a prominent businessman as prospective chairman of the proposed Board of the planned Govan-Linthouse company. Shireowners whose UGS contracts have to be renegotiated have stressed the urgency of setting up the Board if they are not to transfer their orders to other yards. Back Page

LOCKHEED, in order to complete more effectively with the DC-10 and Boeing 747, is offering airlines an extended-range version of the RB-211-powered TriStar. Page 11

WORK ON THE CONCORDE project was halted by a walk-out by 7,000 workers at BA's Filton, near Bristol, works, in protest against lack of union-management consultation prior to the announcement of 1,200 redundancies. Page 11

121M. COUNTER OFFER from Reed International is being recommended by sanitary ware makers Towfords directors after they twice turned down bids from Edward Reed's offer values each Towfords ordinary at 192 1/2p. Page 12

OVERSEAS

U.S. UNEMPLOYMENT rate in August rose to 8.1 per cent, bringing the number of jobless to over 5m. Back Page

COMPANIES

Kleeman Industrial Holdings expects a satisfactory growth in group profit and expects to increase the dividend by at least 25 per cent. Page 12

17-month girl shot dead in Belfast

IRA gives a 'stay away' warning to Ulster civilians

BY ROY HODSON

BELFAST, Sept. 3.

At the end of a day in which the IRA gun campaign continued in widely scattered areas of Northern Ireland and a 17-month-old Catholic girl was shot dead in a Belfast street, the IRA Provisionals in Dublin to-night warned people in Ulster to stay away from all public houses, hotels and business premises likely to be frequented by British troops.

The Provisionals' statement, issued in the people's "own interest," also advised civilians to stay away from all government offices.

The baby girl was shot from a passing car while playing in Iveagh Crescent, in the Falls Road area. She died soon after the shooting. The gunmen were apparently shooting at an Army patrol. The girl was later named as Angela Gallagher.

Police said to-night that the killing was "without the slightest shadow of a doubt the work of the IRA."

Before dawn a British Army major, Robin Aler-Hankey, aged 35, of Southampton, was shot by a sniper in the stomach while on patrol with his men in Londonderry. To-night he was to have a reasonable chance of recovery.

NO PAROLE FOR CAHILL

In New York a three-man appeals court panel refused to release on parole the IRA Provisionals leader Joseph Cahill, pending an immigration service hearing on Tuesday on whether he should be barred from the United States.

Cahill has been held in custody since he arrived in America at the start of a five-week fund raising tour.

being fired upon were reported by the security authorities.

Mr. Brian Faulkner, the Ulster Prime Minister, to-night described the IRA campaign as "sickening, indiscriminate violence."

Mr. David Bleakley, Minister of Community Relations, said: "No words can really express the horror of what has been done to Belfast this week. We have experienced savagery on an unbelievable scale and now, to add to the horror, the most innocent of all, a young child, has been slaughtered."

"The time has come to treat these killers like the lepers they are. They deserve neither comfort nor shelter, only cold contempt and utter rejection."

The sequence of events this week leaves small room for doubt that the IRA has begun a new phase of violence in which it is prepared to kill or maim indiscriminately. Ulster people are reacting by apparently accepting that they are in a war situation. Life in Belfast during the last 48 hours has a distinctly similar air to life in British cities during the days of the German blitz.

Shops are closing early—round about 4.30 p.m. The city is deserted by early evening. Few bars or clubs are troubling to remain open. City centre stores are losing business because

Continued on Back Page

Lucas strike talks break down after six hours

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

UNEXPECTED deadlock was reached after nearly six hours of talks between unions and management in Birmingham yesterday as they tried to find a formula for ending the Lucas car component strike, which has already lasted a fortnight. After meeting at the West Midlands Engineering Employers' Association both sides went away with no prospect of a further early meeting.

The strike, by 300 maintenance engineers, has shut the component factories and made 13,000 idle. The maintenance men are demanding improved holiday pay. The management has offered a £10 supplement to each man, but this proved unacceptable yesterday, although the national secretary of the Amalgamated Union of Engineering Workers, which had instructed local officials to seek fresh talks, thought it would be.

No initiative

In addition to the AUEW three other union officials have sent sheet metal workers wood workers and boiler-makers.

also in the works engineer's department.

What the maintenance engineers are arguing about is this year's holiday pay. The agreement under which this is paid ran out on Tuesday, and although the management made it plain that it was always willing to discuss the dispute, no initiative seems to have been taken by the unions on the question of a new, improved agreement.

The strike comes at a time when the motor industry is under greater pressure than for some years to meet demand for new cars by measures to accelerate consumer spending, and it is only a few weeks of the buying season left.

The increase in commercial vehicle production is also being felt, although not so much, as the passenger car, with production and delivery at some plants still falling.

One of the first car makers to be hit by the strike is Ford, who are being made at Oxford without independent wheel makers. Rover is in trouble with certain supplies.

Other manufacturers are nearing this point. Vauxhall, without production for three weeks through holidays and inventory taking, is building normally but having to keep the situation under daily scrutiny. "Every day that supplies fail to arrive makes it worse, and if the strike continues next week we will be tightening up on selective scheduling," a spokesman said.

Ford also is managing to maintain normal production, but nevertheless is having to re-evaluate some commercial vehicle assembly programmes.

More disruption

Car makers Coventry additionally face disruption from a series of one-day-a-week strikes by about 7,000 tool room and other skilled workers which began on Monday. These will intensify problems being created by the Lucas strike and overtime ban—measures taken in protest at the cancellation by employers of a wartime rate-of-increase agreement. Jaguar Cars, the British Leyland prestige saloon and sports car maker, will be without production until Tuesday night.

TUC may seek £20 wage minimum

BY JOHN ELLIOTT, LABOUR EDITOR

BLACKPOOL, Sept. 3.

THE TUC is expected to raise its minimum wage target for the second time in less than two weeks at the annual Congress, which opens here on Monday.

This would bring the target up to £20 a week, which many union leaders regard as a less realistic immediate objective than the £15 agreed only last week by the TUC General Council.

Many back £18

The £18 was an increase of £1.50 over the £16.50 target set by the TUC in July last year, and was adopted by the Council on the advice of its Economics Department to take account of inflation.

As reported in the FINANCIAL TIMES on Tuesday, this £18 is being broadly adopted by union leaders of 70,000 local government manual workers and 250,000 hospital ancillary workers in new wage claims.

The local government claim is likely to be finalised here in

Blackpool this weekend by union leaders. It will also have other effects, including a threshold clause, possibly allowing for extra wage increases to cover rises in the cost of living above a 3 per cent threshold calculated on a monthly basis.

But if the £20 target is adopted next week by the TUC, it seems unlikely that the local government and hospital union leaders will amend their ideas, even though the TUC's £18.50 target is being followed.

There is a likely to consider that while a rise of about 10.5 per cent in basic rates (which plus other factors brings the total claim to some workers to about £20 a week) is realistic, it would be a stretch to present a more ambitious target of £20.

This is in line with the view of several members of the TUC General Council who feel that it is better to concentrate now on the £18 which is relevant for a large number of employed

workers, rather than adopt a more long-term £20 campaign. But it now seems that the TUC will either be forced, next week, into the position of having to change its aim to £20, or will have to find some formula which embraces both with the larger figure being presented as a long-term target.

The problem has arisen because the Scottish Commercial Motorers, recently merged with the Transport and General Workers' Union, has tabled a resolution for £20, while the small National Society of Brushmakers has one for £18. The TUC is still more closely involved, because it has tabled an amendment to the £20 resolution stressing that it is for a basic week of 40 hours—the TUC's own new target of a 35-hour week also being put forward.

Now these resolutions are to be combined this weekend, which makes it virtually certain that the meeting of the TUC will

lead to Congress considering and approving the £20 figure next week.

Apart from discussing this issue this morning at some length, the TUC General Council disposed with most of the rest of next week's Congress agenda in a short time, compared with the whole afternoon it spent yesterday in debate on the issue of union registration and the Industrial Relations Act.

Incomes resolution

A number of resolutions opposing the Government's economic policies have been combined into one motion, which urges the need for a planned growth of incomes.

This is in line with the talks taking place in the National Economic Development Council on the future of the economy, although some Left-wingers might have preferred this reference to have been left out so that no impression should be given that the TUC was in any way interested in an incomes policy.

THE £ ABROAD

	Change	Sept. 3	Previous
U.S. \$	↓ 1/4	122.12	122.37
Swiss Fr.	↓ 1/2	20.12	20.37
German M.	↓ 1/4	3.75	3.87
French F.	↓ 1/4	6.55	6.67
Italian L.	↓ 1/4	1.36	1.41
Spanish P.	↓ 1/4	166.25	166.75
Portuguese Esc.	↓ 1/4	200.00	200.50
Dutch G.	↓ 1/4	3.60	3.65
Belgian B.	↓ 1/4	33.33	33.33
Austrian S.	↓ 1/4	13.76	13.76
Yugoslav D.	↓ 1/4	11.11	11.11
Czech K.	↓ 1/4	20.00	20.00
Polish Z.	↓ 1/4	4.00	4.00
Russian R.	↓ 1/4	1.00	1.00

Paris currency talks make slow progress

BY ADRIAN DICKS

PARIS, Sept. 3.

THERE WAS no sign of a change of position by either the U.S. or any of its trading partners when the Group of Ten deputies met here to-day in the first stage of the long process of multilateral discussions on the future of the world monetary system.

The purpose of their meeting, which will continue to-morrow, is to draw up an agenda for the Ministerial-level session of the Group of Ten due to take place in London on September 15. It is also the first multilateral confrontation between the U.S. and all its trading major partners.

EEC monetary plan greeted favourably; Dutch move against inflation Back Page
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deputies had covered trade policy and the terms of trade, "burden sharing" the EEC Common Agriculture Policy and other matters.

His remarks, however, seemed to imply that the U.S. delegation, led by Mr. Paul Volcker, Under-Secretary of the Treasury, had little new to offer the Europeans. Japanese and Canadians beyond a repetition of Washington's constant line that the next stage is for all these countries to adjust their own parities.

There was also some discussion to-day of studies by the OECD secretariat seeking to draw some preliminary conclusions from the movement of currencies since the D-Mark float of May 11 and since the general float of major currencies dating from President Nixon's package. But the deputies do not seem to have been able to reach any common position on the lessons to be drawn. There is no sign that the Americans are any more prepared to contemplate either de jure revaluations by other countries of the order so far produced by exchange markets, or the present crisis could be solved by the Ministerial meeting on September 15. He added: "We get together with an increase in the second Ministerial meeting of the Group of Ten on September 26, and possibly September 25 also."

Disappointed

Another sign that the deputies are finding the going even slower than international monetary officials had expected was the fact that they will not after all transfer themselves to-morrow into Working Party III of the for bringing it about. However, OECD economic policy committee to find solutions as quickly as possible.

The present situation must be allowed to get any worse, Dr. Ossola said. "We cannot allow any further pollution of the monetary atmosphere."

Dr. Ossola said that in discussing possible remedies for the disarray of world payments on both current and capital accounts, the

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GO CHANGES

unless otherwise stated

AL 1971 + 2
366 + 13
71 + 5
208 + 6
193 + 10
18 + 3

LYRIC

Empire Stores	250	+ 5
De Beers Deft.	212	+ 6
Fairley	237	+ 7
Fisons	218	+ 3
Freemans (London)	138	+ 8
Grange Hotel	290	+ 7
Harrison & Sons	118	+ 4
Henry's Wharf	229	+ 9
Henry (L. & S.)	881	+ 7
Nova Jersey	253	+ 10
Oddenine	742	+ 12
Redcar Nat. Glass	123	+ 5
Rowntree-Mackintosh	532	+ 10

New York Late spurt

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News, 10.30 My Kind of Music,
Mother with records, 11.00 Before
and of the Day, 11.05 Late News.

Your savings and investments

Some good pointers for insurance brokers

BY STANLEY GUYER AND WILFRID PICKARD

THIS WEEK'S half-yearly investment that should now be represented in any growth oriented portfolio.

Brokers Prices Forbes show that the company has done a lot better than it was forecasting for the first half of the year. The company's profits are up from £796,000 to £1,011,000, thanks largely to a recovery in underwriting and an 18 per cent jump in brokerage income of which a large part—78 per cent—last year's earnings in foreign currencies.

Price Forbes, with its premium rating and large international interests may not be setting a pattern for all brokers. But the results suggest that this year's performance of the insurance brokers index that has done no more than keep pace with the Financial Group as a whole has not gone too far ahead if in fact the widely aired problems common to the insurance medium as a whole are being overcome. It is a sector of

Sedgwick Collins raised its interim dividend last month from 15 to 16 per cent suggesting that the long unbroken record of annual dividend increases will be maintained. Because of the uneven pattern of brokerage income month-by-month, however, SC does not publish interim profit figures and the market is left to draw its own conclusions from the dividend. This it has done with no hesitation about giving Sedgwick a premium rating of a 22.8 price earnings multiple and a yield of 2.8 per cent at 228p. And this looks well justified.

A breakdown of the brokers business was published this year for the first time. It shows approximately equal parts of the business in the three main divisions of Marine, that has grown rapidly over the past few years; Fire and Accident, which

should now benefit from the general rise in premiums and in Reinsurance on a world-wide scale. The balance is in non-marine, aviation and life with underwriting hitherto a negligible profit earner picking up.

Another broker that has a good record of rising dividends and an interesting diversification is C. T. Bowring whose earnings per share had increased by 50 per cent in the two years to last December. Bowring has never been slow in spreading itself outside insurance. It took over the Bowmaker hire-purchase and finance group in 1969 and this subsidiary produced a 50 per cent profit growth last year. It has now taken a further step with its successful £25m. takeover bid for merchant banker Singer and Friedlander. The latter operation may have held the price back recently as the shares are now selling on a p/e of 18.3 at 465p which compares with 19.1 for the group as a whole.

Unit trusts

Unitholders unimpressed by market strength

BY KEITH LEWIS

IN VIEW OF THE FACT that the market has risen by over a third so far this year, G. S. Herbert puts the figure at 35.9 per cent, using the F.T. Actuaries All-Share index plus reinvested income—it is disturbing to see the recent repurchase trend in the unit trust industry which has produced three consecutive peak months in May, June and July. Sales themselves have just started to pick up, but with this time of the year historically quiet there is some talk of the possibility of a negative cash flow for the industry in August—the official figures from the Association of Unit Trust Managers are not due to be released until the middle of this month. If this does turn out to be the case it will be the first time in the red for over ten years; the last time this situation arose was in April, 1961. Save and Prosper, the U.K.'s largest group, has definitely been a net repurchaser over August which must add weight to this view.

Although its Rhodesian commitments are often given as the reason for the fall in TURNER AND NEWALL's investment rating, too much should not be expected from any settlement of UDI, according to Charlton Stott Dimmock, of Manchester. The principal grounds on which the broker now recommends the shares for recovery are its close associations with building construction, a major user of asbestos and vehicles for which T and N produces the Ferodo brake and clutch linings. Turnover should rise substantially next year and in 1973. On a projected 6 per cent. yield the shares are cheap.

Discussing developments in the synthetic fibres industry, Newson-Smith sees that an upturn in the textile cycle allied with higher capacity working could transform profitability. BRITISH ENKALON is selected as the only direct investment opportunity in this growth of UK nylon and polyester. It has concentrated on the specialises over-production in the nylon industry. A big future is seen for its polyester fibre in men's outerwear and tyres. The 13 per cent. fall in the Sears price has in the opinion of F.N.S. been due to unjustifiable adverse press comment. The outlook, it is claimed, is, in fact, good. Orders worth £20m. were taken at the Paris Textile Machinery Exhibition and a 15 per cent. growth in engineering is looked for this year. The U.S. subsidiary is expected to add 25 per cent to its profits and the shoe store division to outpace the 10 to 15 per cent. forecast previously.

At this point, it is worth mentioning that to some extent the current pattern mirrors the experience of the mutual fund industry in North America which, Arthur Lipper estimates, suffered a net outflow in the second trading quarter of 1971 to the tune of \$56.7m. It is rare to find U.K. groups which readily admit to being net redeemers of units—though there must be quite a few. But one group that definitely appears to have bucked the trend is Barclays Unicorn. Bill Fowler, general manager, claims to have secured over 50

per cent. of the net investment unit trusts—which both raised which is the latest fund, has already attracted £3m. It is no longer the case now that the funds with performance necessarily sell. Only a short time ago it was revealed that the most popular fund in the Target range—the Preference fund—which is understandably bumping along the bottom in the performance tables—while Target Financial, by any standards a first-class trust, can muster only relatively poor support.

There is no doubt that the overall picture is grim. As David Maitland, managing director of Save and Prosper, remarks "the great British public is not interested in buying equities."

However, investors may be doing themselves an injustice, since unit trust investment performance on average is running far closer to the F.T. Actuaries All-Share index this year. For example, growth funds (there are 87 listed by G. S. Herbert) have risen by an average 30.3 per cent. so far, while last year's overall showing was a 7.9 per cent. decline against the index's 3.7 per cent. reverse. The only sector to have really underperformed has been the specialist division which has risen by only 22.2 per cent.; but then this has been dragged down by such unfortunates as Pan Australian and Essential Minerals.

At the risk of being accused of praising short-term performance, there is still every reason to back a smallish growth fund in a bull market: out of the top 35 so far in the current year only two funds have assets of over £10m.

Double jersey knitting

SALES OF double jersey knit machines in the U.K. have had a fourfold increase in the past three years, and a further doubling of capacity appears likely by 1975. This evidence of buoyant demand for double jersey fabrics is in marked contrast to the difficult trading conditions prevailing throughout most sectors of the textile industry.

Last year the giant of the industry, Courtaulds, experienced a 20 per cent. fall in pre-tax profits. By contrast, some of the smaller companies are doing well. Nova (Jersey) Knit, which made its public debut in May last year, increased its original forecast of £400,000 by 50 per cent. at half-time. At £684,000 the final outcome was even better and dividends of 7p. were paid against the forecast of 4.5p. a share.

The shares have come a long way from the 90p placing price to the current level of 250p and the price/earnings multiple of 16.6 has a growth appearance. The current year could bring a major increase in profits from the South Wales factory, the American operation and the technical services side.

All divisions at House of Lerosse are running at high capacity. Integration of the Hensher (Furniture Trades) subsidiary meant that neither the Budget

profits in 1971-72. But with the factories working flat out and further capacity coming on stream earnings should improve substantially. Benefit from a new warehouse in Central London will be reflected for a full 12-month period.

Not without a certain risk element, current ratings in this sector, however, look overcautious, and not least Ingram's p/e of 7.5 and yield of 5.1 per cent with the shares at 102p.

One of today's brightest investment ideas is a mere 100 years old.

Some of the best investment ideas are also some of the oldest. This is not surprising, because in the world of finance the soundest endorsement of any way of making money is the test of time.

Take investment trusts. They were first conceived over a hundred years ago, when a group of people realised that the best way of safeguarding an investment was to spread the risk over a large number of sound companies. They realised that by forming a company whose business was to select the very best of shares over many sectors of the market, they offered the small investor a better than average chance of coming out on top.

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Over the long term, investment trusts have consistently out-performed average shares. So it's not surprising that, since its launch in September, 1969, the offer price of Jessel Investment Trust Units has risen no less than 18% (22% with all net income re-invested), while the Financial Times Ordinary Share Index has risen by only 8%.

Jessel Britannia is one of the country's leading unit trust management groups, with no less than four of their funds in the top ten best performers over the three years to 30th June, 1971.

So if you are looking for a home for your savings with sound capital growth prospects, Jessel Investment Trust Units deserve close consideration. But you should regard your investment as a long-term one.

The price of units and the income from them can go down as well as up.

Jessel Investment Trust Units are now on offer at 29.7p each to give an estimated current gross yield of 2.02% p.a. until 3 p.m. on 10th September, 1971. To buy, fill in the coupon and post it with your cheque.

PASTORAL SHARES

IN AUSTRALIA, the livestock industry divides fairly neatly into two—sheep and cattle. The former means wool production and the latter beef, and currently the Australian producer that just about adds up to the difference between losses and profits.

The Australian wool industry has been facing hard times for some years owing to the way synthetics have been breaking into traditional clothing markets. But recent experience for the Australian wool farmer has been little short of frightening. With wool prices on average down 34 per cent. in two seasons, and 1970-71 industry income estimated at £1,350m. against 1969-70 of £1,550m. (The 1969-70 figures were £300m. income and £400m. debt). In stark contrast, the meat business had lately been enjoying something of a boom.

Herd growth

Whereas sheep currently graze the outback with an average of £2.80 in debt on their backs and wool worth about only half that amount, cattle herds are growing. At March 1970, cattle numbers totalled 8 per cent more than a year earlier, and estimates for March 1971 put the latest annual growth at 10 per cent to 24.4m. head of beef-producing animals.

At the same time the world of beef shortage has been nicely hardening prices. Over the past couple of years, U.S. prices for Australian beef—and America takes some two-thirds of Australian output—have risen some 18 per cent.

For the pastoral companies the investment implications of this are something of a mixed blessing. Many are still deeply embedded in wool, while past needs to spread risks as far as possible owing to disease and climatic conditions mean that others are not—especially those troubled by wool problems but

then are neither reaping any real rewards from cattle. Thus trying to analyse just how individual earnings prospects stand is not easy. Disclosure patterns too can be of mixed help, running from extremes of practically nil to the sort of complex sales and profits breakdown that say, Dalgety produces. However, one company standing to benefit from the current world demand for beef could be Australian Agricultural.

Profits plateau

After two years on a profits plateau (and before that the usual cyclical see-saw) Agricultural went 11 per cent into reverse pre-tax in 1969-70 but maintained a barely covered dividend. For 1970-71 the forecast was for improved profits which is the sort of cheer that stems from having almost 90 per cent. of profits (on a 1969-70 basis, anyway) accounted for by livestock, the bulk of which is beef cattle.

That being the case there could be modest hopes of a dividend increase this year. Hopes on that score should either fade or brighten next year, when Agricultural's six earlier, and estimates for March 1971 put the latest annual growth at 10 per cent to 24.4m. head of beef-producing animals.

At the same time the world of beef shortage has been nicely hardening prices. Over the past couple of years, U.S. prices for Australian beef—and America takes some two-thirds of Australian output—have risen some 18 per cent.

For the pastoral companies the investment implications of this are something of a mixed blessing. Many are still deeply embedded in wool, while past needs to spread risks as far as possible owing to disease and climatic conditions mean that others are not—especially those troubled by wool problems but

duction is being run down. The interim state forecast in April ran to no profits change for 1970-71, while another partial damper for a 18 p/e and 4 per cent. yield is a two-year time-scale for complete rationalisation.

Elsewhere the pastoral scene is not so happy. Australian Estates for instance is big in sugar with little more than two-fifths of profits stemming from livestock and no indication of the importance of cattle. The 1970 performance was a profit slide of 31 per cent before tax and the report saw little joy ahead, at least through 1971. However, borrowings of over £900,000 in June might be aimed at expanding the 159,000 head of cattle owned at end-1970.

But the main investment argument for Estates is net worth for that adds up around 103p a share at December 31, against a share price of 35p (1971 high of 45p). For many investors the interesting point about a pastoral holding lies in the high assets level invariably involved. Scottish Australian has a June 1970 net worth more than double its market price; Elder Smith Goldsborough has the largest wool broking operation in the world and facing a nasty profits slump in 1970-71, has a share price discounting a June 1970 net worth by around 62 per cent.

Property values

Dalgety too stands at a noticeable discount to net worth despite a share price up from 120p to 167p this year. Now much pastoral property stands in company books at cost or little better, but the investment problems begin when property is sifted between readily realisable urban sites and rural land of dubious farming merit. However, that the pastoral business is eventually built down to assets was noticeable with a spate of bids early in 1969. Dalgety

Australian attractions

BY JEFFREY BROWN

IN AUSTRALIA, the livestock industry divides fairly neatly into two—sheep and cattle. The former means wool production and the latter beef, and currently the Australian producer that just about adds up to the difference between losses and profits.

The Australian wool industry has been facing hard times for some years owing to the way synthetics have been breaking into traditional clothing markets. But recent experience for the Australian wool farmer has been little short of frightening. With wool prices on average down 34 per cent. in two seasons, and 1970-71 industry income estimated at £1,350m. against 1969-70 of £1,550m. (The 1969-70 figures were £300m. income and £400m. debt). In stark contrast, the meat business had lately been enjoying something of a boom.

Herd growth

Whereas sheep currently graze the outback with an average of £2.80 in debt on their backs and wool worth about only half that amount, cattle herds are growing. At March 1970, cattle numbers totalled 8 per cent more than a year earlier, and estimates for March 1971 put the latest annual growth at 10 per cent to 24.4m. head of beef-producing animals.

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Finance and the family

Children's gains and tax

BY OUR LEGAL STAFF

My mother provided some money as an investment for my four children and the shares I bought with it are now worth over £2,000. Under the new regulations exempting gains up to £500 from gains tax liability, can I now switch up to £2,000 worth (£500 x four) without incurring tax? If I give shares to my wife, would she be liable to tax?

The £500 chargeable assets realised rule applies to each member of the family except that husbands and wives count as one individual, so that you and your wife have £500 between you.

On the basis of the facts you give, you can switch £2,000 without capital gains tax liability, if that is the only disposal of chargeable assets by the children in the tax year.

Different considerations would have applied if the shares are in trust, as the exemption applies to individuals only, and not to trust holdings. There is, however, one exemption for trust holdings, where the beneficiary is absolutely entitled to the property as against the trustees.

As husbands and wives are treated as one individual, transfers between husband and wife are disregarded in calculating the £500.

Joint property with daughter

Could you advise me as to how under Scottish law I may invest in the name of a married daughter so that in the event of death the money will revert to myself? If I put it into our joint names would it be legally mine if she predeceased me? What would be the estate duty position?

You could do this by simply investing or lodging money in the name of your daughter and yourself as joint owners. How this is done will depend on how you lodge the money with but your banker would advise you about it if you asked him.

If you put money into the joint names of your daughter and yourself then the effect will be that the money remains yours and you are taken to have indicated a wish that your daughter should have the money at your death. This being a testament-

ary provision you may revoke it at any time. If however, you go on and tell your daughter what you have done, then you are taken to intend a present gift and you cannot thereafter revoke it. In either case the liability for estate duty on your death is the same, but only in the second case, where you have told your daughter, would there be any liability for estate duty if your daughter predeceased you.

Compensation on mother's death

My mother was killed when a passenger in a car at the age of 57. I am 26 and she used to make me substantial gifts to help with my household expenses. My father is 73, retired and comfortably off. What sort of compensation are we entitled to?

The amount of damages which will be awarded to your mother's personal representatives in respect of her death will be a fairly nominal sum—about £500 we should estimate.

In addition to this sum, you and your father as dependents under the Fatal Accidents Acts have claims in respect of the personal loss which both of you have suffered. This will be based upon the amount which you were accustomed to receive from your mother, taking into account the time for which it is likely to have gone on being received. In estimating this loss, anything which you receive under her intestacy (or will, if she left one) will be taken into consideration.

Interest on a deposit

Nearly two years ago I purchased (in Scotland) a property subject to certain defects being put right; 10 per cent. of the purchase price was withheld as a safeguard, and placed in a joint deposit account in the names of my own and the seller's solicitors.

Some of the defects remain unrectified and I am considering a negotiated settlement giving me compensatory benefits at a reduced price. What is the position regarding interest on the deposit?

You are correct in saying that you can accumulate your International Labour Office pension in Jersey tax free. You are under an exchange control obligation as a resident of the U.K. to convert your pension into sterling and sell the Swiss francs for sterling at the official rate of exchange.

You could arrange for your Jersey bank to make the money

available for your use outside the U.K. and Eire, without paying tax in the U.K. This could be done by the bank getting its foreign correspondent to make funds available to you in the places to which you wish to go for your holiday.

Retirement from abroad

Referring to your answer headed Retirement from Abroad, on July 31, I receive a pension in Swiss francs from the I.L.O. Geneva, and it seems now that I could avoid tax on it by having it remitted to a bank in Jersey and use it for travelling abroad. Is this correct? Could I not leave it in Switzerland? If I went to live in Jersey what would the tax position be then? From whom could I seek further advice?

You are correct in saying that you can accumulate your International Labour Office pension in Jersey tax free. You are under an exchange control obligation as a resident of the U.K. to convert your pension into sterling and sell the Swiss francs for sterling at the official rate of exchange.

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available for your use outside the U.K. and Eire, without paying tax in the U.K. This could be done by the bank getting its foreign correspondent to make funds available to you in the places to which you wish to go for your holiday.

What you should not do

is to get the Jersey bank to send you travellers cheques to your address in the U.K. before you go on your overseas holiday, as having the travellers cheques in the U.K. would be a constructive remittance of the money, even though you had no intention of using the travellers cheques here.

So far as moving to Jersey is concerned from a tax viewpoint, in Jersey the tax year is the calendar year and the tax rate is 20 per cent. (after allowances) and there is no surtax and no estate duty.

If you need professional advice, we suggest that you consult an accountant.

19, 1968, are free of all taxes according to the original terms of issue. Any bonds acquired after March 19, 1968, which are realised within 10 years may give rise to a surtax liability on the profit, depending upon your personal circumstances.

Insurance of trailer

My car insurance policy provides cover for third party liability in respect of a trailer while attached to the vehicle. I am now advised that the moment the trailer becomes detached the cover ceases: in other words if I have an accident and the car goes one way and the trailer another and hits someone there is no insurance as at the precise time of hitting the other person as the trailer was not attached. Do you agree?

We think your advice is incorrect. Putting it in simple language the purpose of the motor policy is to cover your liability while your caravan is being towed, but not when your caravan is completely disconnected and, say, on a caravan site or in use as a temporary

home: the problem is how to express this in words.

Consequently if you are driving, towing your caravan, and the tow breaks, so that the caravan runs away in the opposite direction, your motor insurers will provide cover. The accident has begun to happen and your liability has begun to arise from the fact that the caravan was attached and moving and has become detached. On the other hand, should you park your detached caravan insecurely, say, on sloping ground so that it runs away, clearly your motor policy will not apply.

You can and should buy a caravan policy, for a few £s premium, perhaps from your motor insurers. This will cover damage to the caravan, its contents and your liability arising from its ownership and use.

Computation of capital gains

My mother, who died in 1962, left two flats to my father for life, one of which he occupied until his death in 1967, and the other he let. I have now to compute capital gains tax on these flats. The one he occupied having been sold. Would it be better to do this by time apportionment, or by reference to market values on April 6, 1965?

Section 29(8) Finance Act, 1965, exempts from capital gains tax liability, any trust property sold by trustees which was the only or main private residence of a person entitled to occupy it under the terms of the trust. It appears that your father did occupy the property in this way under the terms of a will trust.

It therefore appears that the flat already sold would be exempt from capital gains tax. In the circumstances all that is required of you is to allocate the proportion of the probate value in 1962 which is referable to the remaining flat being sold. In these circumstances it is unlikely to be beneficial to make an election for April, 1965 valuation of the flat being sold, since the valuation at that date would be subject to the existing tenancies which would tend seriously to reduce the value of the property as compared with the sale with vacant possession. Therefore in general terms time apportionment is likely to work to your advantage.

BRITISH ASSOCIATION MEETING

'Engineers can cure low U.K. productivity'

BY DAVID FISLOCK, SCIENCE EDITOR

THE ENGINEER, folk hero of the industrial revolution, had emerged into the 20th century with a status lower in Britain than in any other industrial country, Sir Robert Cockburn, FRS, director of the Royal Aircraft Establishment until his retirement in 1969, told the Engineering Section of the British Association Meeting in Swansea yesterday. Yet the engineer was the man who could rectify the most persistent weakness in Britain's economy—low productivity.

No longer obligated to an empire of 400m. foreigners, Britain was running a small family business of 10m. industrial workers, he said. All of our cultural and social ambitions must be paid for out of the profits of this business, and it is on the engineer that we depend to run it efficiently.

Longer

Progress meanwhile had depended primarily on revalidating existing concepts, by engineering extrapolation and by improvements in materials and manufacturing techniques. Apollo, he pointed out, used the same engine and the same basic structure as the wartime V2 rocket.

It took much longer, in fact, than was generally realised to harness a new scientific project. The first breeder reactor, born in the 1940s, had only just reached the engineering stage, while fusion as a controlled source of power remained "many decades away."

Struggle

It was the image of the engineer that had been allowed to lapse rather than the practice of engineering, he contended. There was no "technological gap" between Britain and the U.S., whatever the case elsewhere in Europe. We alone had struggled to maintain viable aeronautical, atomic and computer industries.

Did it matter, therefore, whether we credited the scientist, the technologist or the engineer with our achievements?

"I think it does, and that the low status we accord to the engineer is a self-inflicted wound peculiar to this country," said Sir Robert.

The wrong conclusion, he believed, had been drawn from the major wartime achievements of radar jet propulsion, guided weapons, ballistic missiles and the atomic bomb. They were not scientific "breakthroughs" which, given enough support, would continue to flourish. They were engineering developments, depending on many years of patient research, culminating at the pressure of military demands.

The scientist's contribution to those wartime achievements had been in basic research but in 1945 applied research, development and production, and in management and operational analysis. The conclusion we should have drawn, said Sir Robert, was that lower in Britain than in any other industrial country, Sir Robert Cockburn, FRS, director of the Royal Aircraft Establishment until his retirement in 1969, told the Engineering Section of the British Association Meeting in Swansea yesterday. Yet the engineer was the man who could rectify the most persistent weakness in Britain's economy—low productivity.

Top men

It is a pity that this should result in unnecessary perpetuation of the general weaknesses among managers. These could be overcome, but only by individual coaching and team-training on-the-job—methods which require tutors of high calibre and "students" from top management as well as from less senior levels.

Because senior managers at present overwhelmingly excuse themselves from training, they get no better themselves and they ensure that whatever is attempted lower down the hierarchy produces little more than frustration. A willingness to be self-critical, even in the crude way I suggested earlier, would lead to requests by the managers themselves for more relevant and effective help. Without this willingness, the cycle of the expectation of failure leading to more failure will continue.

True, the methods of teaching people to improve as managers will have to be made more effective, particularly as regards coaching and self-teaching methods. Even so, the teaching is relatively easy once you managers have been shocked into realising that you have scope for improving your work.

Insurance

Get the cover right

BY JOHN PHILIP

INSURANCE is concerned with human beings—their lives, their health, their property, and their liabilities. Insurance is a protective service provided by human beings: humans being what they are, misunderstandings here and there are inevitable. Indeed, the surprising thing to my mind is that there are so few: having regard to the millions of policies issued, and renewed and the millions of claims handled each year by insurers in these islands.

Terminology

As evidence of the contract they have made, insurers in almost every case issue to the proposer a policy, which sets out clause by clause the details of the cover they provide. The terminology employed by insurers to express their intentions is of necessity rather more legalistic than the kind of English most of us are used to speaking and reading. Although an increasing number of policies are couched in what insurers optimistically describe as simple English, even these do not necessarily clearly and quickly describe to the layman the cover he has bought.

Whatever the kind of English used, the policy is likely to be a long document—anything from two to four foolscap pages if it is in traditional format or many more of smaller size if it is produced in modern booklet form. Small wonder that many policyholders ignore the insurers' injunctions to check their policies to make sure they have obtained what they bargained for.

In fact the average purchaser of personal insurance—on life, health, car, house, property, and so on—has very little to check in any such policy except the typewritten or computer-produced schedule which details the property covered, the financial limits of insurers' liability, the dates of the policy year, and so on. Certainly he can check these details easily and should complain at once if anything is amiss.

But virtually every personal insurance policy is a standard form contract with wording fixed by the insurers and variable only within restricted

limits by the use of standard endorsements. This being so, there is usually little point in the policyholder complaining to insurers, for example, about a particular exclusion—usually when a claim arises—unless the exclusion is one which insurers would have been prepared to vary, had they been asked, on payment of extra premium.

Of course, the policyholder can and should find out in advance what cover the insurers provide, and what variations are possible. First of all he can read the summary of cover provided in the combined prospectus and proposal form which the insurers use for most classes of personal insurance. But some prospectuses contain more information than others and if he is doubtful whether he has got the complete picture, the prospective policyholder can ask the insurer for clarification on any points of uncertainty. And while this can be done verbally, with an eye to possible future dispute, it is better to have this supplementary information provided in writing.

Specimens

The prospective policyholder is also entitled to have a look at the policy he contemplates buying, to get a specimen from insurers to study at his leisure and if need be to compare with other similar specimen policies he obtains from other insurers. And thereafter, if need be, he is entitled to clarification if he is still uncertain of the meaning of any particular clause, word or phrase.

If the prospective policyholder does none of these things, but merely submits a completed proposal form, the insurers are entitled to assume that he is content to buy the standard form of insurance to which the proposal specifically relates. Thereafter, the insurers are entitled to reject his complaints that he has not got the policy he bargained for, and to refuse his claim for rectification of objectionable exclusions or conditions, until they have had the opportunity to consider his protestations, decide how far they can be met, and whether more premium will be required, protect his clients if he. In the interim period until any through negligence, fail to new terms are clearly agreed, they get the right cover.

Negligence

In giving an explanation insurance broker is, how acting in his expert professional capacity; so if he subsequently proves to have been wrong may be liable on a claim of professional negligence. If are brokers and brokers, the broker who is a member of the Corporation or Association of Insurance Brokers or a Lloyd's broker should most—if not all—of the an in the field of personal i

protections, decide how far they can be met, and whether more premium will be required, protect his clients if he. In the interim period until any through negligence, fail to new terms are clearly agreed, they get the right cover.

CAREERS AND EDUCATION

Executive training should begin at home

BY HAWDON HAGUE

DEAR MANAGER.—Just why are you so sure that you do not need any management training? Is the reason simple big-headedness, an inability to be objective about yourself, or have you just assumed that management training was not for you, without really thinking about it?

No doubt you have attended the odd seminar, and possibly one or two longer courses. But no doubt also, these programmes did not really apply to you since your work is rather exceptional, although they did prove that you were right on one or two management matters. If you are typical, you view training as something for other people—mainly those lower down the ladder.

Yet it is hard to believe that you would normally claim infallibility for yourself, so why should you be blind to the need to improve your methods of management? What is worse, this widespread belief that "management principles could not help me" is a root problem not only for management educators, but also for the country's economic performance.

Prove it

You may, of course, be a perfect manager. In the circumstances, however, it would be worth while proving to yourself—instead of just assuming—how good you are. There are several ways of doing so.

One step would be to ask an outsider to spend a couple of days with you and, on the assumption that he would never receive another consultant's fee from you, tell you what he thought about your performance. Alternatively you could ask your colleagues which of your attitudes and actions frustrate them the most. If they say nothing positive, you would do best to assume that you are surrounded by yes-men. But if you are not, it is likely that your colleagues will mention one or two things which had not struck you as being of significance.

Busy

You and all your colleagues know how busy you are, and how rarely you genuinely have a moment to spare, but why do you accept the situation? If you have been in your job for more than two years, most of the crises which now take up your time will have happened before: so by now you should have prevented them from recurring or arranged that somebody else takes the necessary routine action. If you are constantly busy but things are not improving, can you truly be said to be managing?

If pressed, you would probably admit that you could be more effective, although some things would have to be changed. You would probably still resist the idea of training, partly because the word conveys a classroom image and an impression of being taught techniques of which you have no

particular need. Perhaps it would be better if we forgot the word "training" because it has become associated now with failure and because asking for it seems to so many people an admission of weakness. If we could find a new name for an effective method of improving management, the process would be resisted far less.

The diary exercise will show that, unless you are most exceptional, you need coaching in the allocation of your own time, and in using your immediate staff so that they help to organise you. You would be most exceptional if you were thoroughly effective in committees, listening as opposed to waiting to speak yourself, and speaking only when you could say something that helped the group towards its objective. You are unlikely to have worked hard to improve your methods of reading and, being unable to cope quickly with a mass of written material, will effectively read hardly anything at all.

Visit

You will probably be weak in aspects such as delegation and decision-making, both of which need coaching, rather than classroom teaching. It will be a long time since somebody pointed out to you your prejudices and assumptions, and there will doubtless be some frustrations in your work that you have accepted but really should try again to remove. It would be sensible—and surprisingly easy—to visit somebody in a similar job and make a report on your observations. But I would bet that you have not done so recently, if ever.

You also need an appreciation of the functions of other people in your own organisation. Even if you are the chief executive, there must be functions within your company which you know little of, and to which you are consequently giving too much or too little of your time. Appreciation of other functions means more

than knowing their respective jargons. It means understanding a different type of people, their difficulties, and the qualifications behind their answers.

In addition, you may well have a need to know about the latest management techniques in your own specialist field, even though this is not so general a requirement as the others outlined above. It is concentration on techniques which only a minority of managers need that has helped to cause the widespread indifference to management training, to create the depressing image of low-calibre teachers with little practical experience lecturing to low-level managers in a way that teaches them little.

Top men

It is a pity that this should result in unnecessary perpetuation of the general weaknesses among managers. These could be overcome, but only by individual coaching and team-training on-the-job—methods which require tutors of high calibre and "students" from top management as well as from less senior levels.

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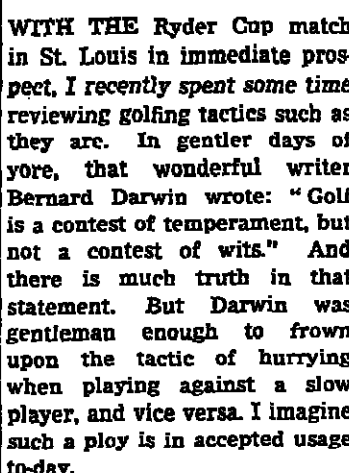
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NAME _____ ADDRESS _____

Sold short

BY BEN WRIGHT



Insidious

Certainly nothing angers me more than having to endure the company of a painfully slow player, whether he be partner or opponent. I readily confess I shamelessly hustle along such an individual, regardless of the effect on his game. Of course, by getting angry, every golfer knows he is playing into the hands of the opposition, since rage is perhaps the most dangerous of all emotions in golf. But embarrassment can be scarcely less damaging, and is insidious when one's slow playing opponent is oblivious to the infuriated gestures of those golfers playing immediately behind.

Darwin's tactic was that the only golf points one can purposefully adopt are to play with the head and try to produce the best golf one's ability will allow. There can be no successful attempt to save one's energies to make a spurt like a long-distance runner can, and so if a golfer hits a purple patch and wins several holes in a row this constitutes a spurt. But in fact the man in question has merely begun to play better, and his opponent less well.

Any golfer who imagines he has put the pressure on his opponent after coasting gently for while is a fool. But whether his tactics begin and end in gamesmanship, harmless or otherwise, begin?

A famous British professional, whose nerves were later strong enough to allow him to win the Open Championship, told me that he was completely unnerved when he met his first American opponent in a Ryder Cup match. The British player

Rule-bending

Although most professionals bend the rules as far as is humanly possible in their favour, they seldom get up to such ridiculous tricks. The most effective ploy I have fallen victim to on the greens is to have been conceded two putts of almost a yard, and then waited in vain for the word of reprieve "given" when faced with a putt slightly less long.

Darwin, in an article entitled "On tactics," shortly to be republished, in Donald Steel's marvellous second anthology, entitled like the first, "The Golfer's Bedside Book" (Batsford, £2) refers to an occasion when a player conceded the first hole to his opponent when the latter had two shots to win and was still at a moderate distance from the hole, but on the green. The loser maintained that if his opponent had holed his first putt, it would have given him confidence for the rest of the match. Like Darwin, I wish I knew that more often.

Some players like to arouse sympathy in the opposition by reciting a catalogue of injury and illness on the way to the first tee in the hope of softening up their victims. But such a ploy would only serve to make me doubly wary, since I have discovered many times over the danger of underrating the ailing golfer's chance of victory.

Americans. Brown told me recently that his tactics in the 1969 match of pairing his strongest players with complete disregard for personal feelings and sticking to well-tried and successful combinations would be repeated in St. Louis. He distrusted pairings of friends accustomed to partnering each other regularly so Scotsmen Bernard Gallacher and Harry Bannerman are unlikely to play together in St. Louis.

If Brown sticks by these tactics, Neil Coles and Brian Huggett are likely to be partners again, as will Gallacher and Maurice Bembridge, and Tony Jacklin and Peter Townsend in the foursomes. Jacklin and Coles were undefeated in fourballs with Christy O'Connor and Townsend. I would guess that O'Connor and Peter Butler are unlikely to play more than once a day.

Team spirit

Brown also told me he would have no hesitation in dropping any member of the team for all three days if he regards such a man as a potential loser or hopelessly out of form. I know one member of our team who will be lucky to get a game. The side will get two days' complete rest on arrival in St. Louis, and will then practice hard for four more, with Brown participating. By this time Eric hopes to have engendered the kind of team spirit he and everyone else knows to be essential if we are to win.

♠ A 4 ♠ J 3
 ♥ 5 3 2 ♥ J 10 7 8 4
 ♦ 9 5 ♦ 10 7 2
 ♣ A K J 7 3 ♣ Q 9 5 4 2

S.
 ♠ A Q 8 6 2
 ♥ A Q
 ♦ A 10 7 2
 ♣ 8 6

Before you all write and tell me that the North hand has only twelve cards, I know it. My partner had left the ten of clubs behind in the hoard !

At Game all I dealt in the South seat and bid one spade and raised North's two diamonds to three diamonds. Now, in answer to a cue bid of four clubs from my partner, I said four hearts and he went straight to six spades.

I ruffed the opening lead of the Ace of clubs in dummy, lost to the King of spades, and claimed the rest of the tricks.

As I entered the score on the travelling sheet, I said: "No one else bid it." At that moment the ten of clubs was discovered. We at once offered to cancel the board, but the opponents called for the tournament director. He said, as we knew, that dummy cannot revoke, and that the slam stood. However, we did not wish to benefit from this and we managed to get it altered to an average.

I am surprised that in a pairs contest no one bid the slam, because even with a losing club it depends only on the position of the King of spades. You, too, may well be surprised that not one of the four realised that dummy was a card short. In my own case I noticed a raft of diamonds in dummy which I did not bother to count as I could tell at a glance that the position of the trump King was all there was to the hand.

Two deals later, with East-

My partner, who held the South cards, opened the bidding with one diamond and I replied with two hearts. This is a Force of Control—to bid two spades is not the way to proceed. When my partner rebid his diamonds, I raised to six diamonds, and all passed.


West started off with the six of diamonds, on which East threw the six of hearts, and South was in. It is clear that the best way to play the hand is to cash the high cards and carry on with a crossruff, but South, with his composure not yet restored after the previous slam hand, played too quickly and returned a trump. Taking his Ace, West led a third diamond, and next led my partner was in trouble if the club King did not fall on the third round of the suit.

At trick four the declarer cashed the Ace of clubs, came to hand with the Ace of spades, and ruffed a club in dummy. Now he ruffed the King of spades, cashed a spade in hand and a club on the table, but the King of clubs had not appeared.

All the ingredients of a double squeeze are present, and if South has the lead, the last trump would force each opponent down to two hearts. But the lead was on the table, and South had to lead the nine of spades and ruff in hand. This destroyed the double squeeze, but it would effect an automatic squeeze on East in hearts and clubs, provided that West had no heart higher than the seven. As this was the case the slam was made, dummy's third heart providing the twelfth trick.

This time we really were the only pair to bid and make the slam.

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1970 Silver Shadow 4-door Saloon finished in Sand with Black hide upholstery. White wall tyres. One owner. Recorded mileage 20,000.	£8,775

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Music on the move

A barrel shade for your lamps from Concord Lighting of International Limited, Rotaflex House, City Road, London, E.C.1. These are lovely, sparkling things of clear acetate crystals bonded to clear, coloured shades. The effect is brightly decorative. To take 100-watt bulbs.

The colours are natural crystal, champagne, rose or topaz. The price is about £2.85; and they are coming into the shops now.

0 small domestic appliances and
r-so forth, the shop has been
ts established (as Grahams) in
Fenchurch Market for 10 years.

Sales director Michael Lewin and his aides seem to have a knack for summing up what their customers really want. Their aim is to make only the kind of sale which will keep the customer still happy in the long term, no matter whether the

There is no hard selling. In-

deed, the salesmen are taught not to demonstrate anything outside the customer's price range. In just the same way, leaflets are not dished out willy-nilly. I speak from personal experience.

Hi-Fi is a labyrinth. You need a good guide.

Tile Sense

. If you think you can get down to Borough High Street in London's Southwark, you can see a really good range of ceramic tiles. If you cannot get

there—and it is just not as far as one always thinks it is.

as one always thinks it is— you can send for the best pack of samples I have ever seen. Stiffish pieces of card are glazed so as to reproduce the tiles, on paper, exactly.

There are tiles in the Spanish and Italian idiom, modern, and just plain pretty. Pale colours, strong colours and definite or less definite patterns

If you go along to the centre, you can see how different tiles

harmonise or otherwise on the
"Conservative" View important

Tiles do, after all, stay down for a long time. It amazes me that so many people choose from one or two small samples, without studying whole expanses that might begin to drive one mad later. I like the way the Dutch do it, with some patterned tiles amid large areas of

Computer

f human boxer; or like seeing
computers as giant vending

machines from which flow
Smarties and sweets and all the
things coveted by the very
young. My youngest grandson
wants a computer to spew out

Corgi cars and their like, non-stop, with a regular mixing-in of

Ah well. Most of the children do see computers as benefactors, which is what everyone hoped they might do. The address of

Shopping in Paris

joined in this recent venture—unlike the huge commercial centre buried beneath the Défense Station, only seven minutes away on the new Express Metro, where almost every type of retailer is represented. This is a useful place to know about if one is feeling hungry at 1.30 a.m. Also, if one hap-

pens to be a visitor or exhibitor at a trade fair, for the International Exhibition Centre is only a few minutes away. It has one drawback—namely, that it makes it more difficult to plead lack of time for coping with those shopping lists for the people back at home.

People such as me:

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

Truman may convert up to 50 pubs

BY KENNETH GOODING

UP TO 50 of the 1,100 Truman pubs in the country could be converted into restaurants, according to a plan unveiled by the Truman pub group.

The plan, which is being considered by the group's directors, would involve converting up to 50 of the group's pubs into restaurants. The plan would involve converting up to 50 of the group's pubs into restaurants. The plan would involve converting up to 50 of the group's pubs into restaurants.

£1,175m. building work in second quarter

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

BRITAIN'S building contractors carried out work valued at £1,175m. in the second quarter of this year, reflecting a general improvement in building activity.

The figures, issued by the Department of the Environment yesterday, show that the volume of work awarded to contractors was 4 per cent higher than in the first three months of the year.

Berlin pact signed by four powers

By Our Own Correspondent

WEST BERLIN, Sept. 3.

AFTER ANOTHER night of argument, the four powers have signed a German language text acceptable to both sides, the four power agreement on Berlin was signed here today.

Long awaited junior clash

SPORT: TENNIS

BY JOHN BARRETT

This afternoon, on the hard courts of the All England Club at Wimbledon, the long awaited clash between Stephen Warboys and Linda Mottram, the two British tennis players who are playing this week only at the request of the LTA, and Christopher "Buster" Mottram, at 16, younger by a year and a half, will take place in the final of the Green Shield Junior Championships of Great Britain.

TI divisional management reorganisation

The management structure of the TI Steel Tube Division's heavy operations, joins the divisional Board. Dr. Peter Duncanson, who remains head of physics department, group research laboratories, becomes a non-executive member of the divisional Board.

A new machine tool control systems group, staffed from Davenport, is being established at Huxton Hall in October.

Compromise

The East Germans, supported by the Russians, wanted to use this word because they felt it implied they had sovereign rights in the area. The Allies wanted to use the expression "through traffic."

The German text shows the two sides compromised on the formula "transit traffic." This has a lower grade in the parlance of international law than does the word "transit," and does not impinge on Allied rights.

APPOINTMENTS

Mr. F. D. Boardman and Mr. W. R. Haycraft have been appointed directors of CAMMELL LAIRD (SHIPREPAIRERS) (Laird Group) Limited.

Mr. Harold F. King has been appointed a director of BRITISH VENDING INDUSTRIES in place of Mr. R. Morris who has resigned from the Board.

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Klein attacks Rolling Stones lawsuit move

BY ARTHUR SANDLES

MR. ALLEN KLEIN, the entertainment manager who acquired the Rolling Stones in 1965, has launched a lawsuit against him and his company, ABKCO Industries, by his former clients, the Rolling Stones pop group.

Since the beginning of May over 4,000 people have invested more than £5,500,000 to make the launch of Hambro Property Investment Bonds the most successful ever.

Why? Because of the following important advantages:

1. The security and growth potential of first-class business property.
2. Backing by Hambros, one of the most famous names in British banking.
3. Management by an outstandingly successful team, led by Mark Weinberg, with an advisory panel of property experts.
4. Increasing life assurance cover built in at no extra cost.
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3 Management expertise

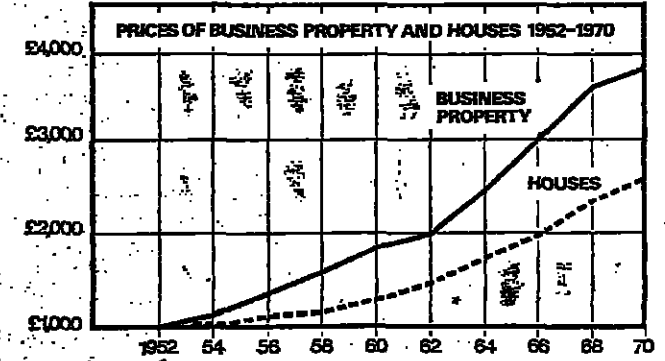
Hambro Life is managed by a team, led by Mark Weinberg, with outstanding experience in this field - including founding the largest property bond fund in the country.

A panel of experts with wide property experience has been set up to determine the investment policy of the Fund. They are: J. E. Cullis, Chartered Surveyor; J. N. C. James of the Grosvenor Estate; and Geoffrey Morley, former investment manager of the Shell Pension Fund.

U.S. airlines' \$132m. net loss in first half

BY RAY DAFER

THE U.S. scheduled airlines made a net loss of \$132m. in the first six months of 1971, or \$4.3m. more than the net loss in the first half of 1970, according to the Air Transport Association of America.



Star Building Society former directors sued

DIRECTORS of Star Building Society, which had more than £150,000 of its funds embroiled in a lawsuit, are being sued by another society which alleged it was defamed by the Star Building Society's actions.

Hambro Property Investment Bonds

4 Increasing life assurance

Unlike any other property bond, Hambro Property Investment Bonds have built-in life assurance cover which actually increases with the value of your Bonds. This means that the amount payable to your family on your death is always in excess of the actual cash-in value of your Bonds.

5 Tax advantages

Rental and other income accumulated in the Fund is subject to tax at only the reduced life assurance company rate of 37½%. It is not treated as your income for tax purposes, so that you pay no income tax on it. There may be a liability to surtax when you take out the proceeds if you are then a surtax payer, but this amount is calculated on advantageous terms.

Mintoff sends his reply

BY OUR OWN CORRESPONDENT

VALLETTA, Sept. 3.

THE MALTESE Prime Minister, Mr. Dom Mintoff, today forwarded his reply to the note Britain handed over on Wednesday which is believed to have reaffirmed NATO's unwillingness to improve the £8.5m. offer for renting military facilities here.

Economic Diary

MR. EDWARD HEATH, the Prime Minister, will hold talks with Mr. Jack Lynch, the Irish Prime Minister, about the Ulster crisis, at Chequers on Monday.

Mr. Anthony Barber, Chancellor of the Exchequer, is to meet the President of the British Industry Federation, smaller firms council meeting, on Tuesday.

1 First-class business property

Everyone knows that the prices of houses have risen dramatically over the years. The graph (specially compiled from the Economist Intelligence Unit) shows how business property has risen in value even more dramatically over the last 18 years.

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Age 30 - 250%
Age 40 - 180%
Age 50 - 130%
Age 60 - 110%
Age 70 - 104%

What 5% Bank Rate means to borrowers

BY MICHAEL BLANDEN

THE WELCOME given to the decision to cut Bank Rate to 5 per cent is a clear reflection of its importance to the domestic economy. For much of the time, it has the immediate effect of considerably reducing the cost of their finance from the banks. For the consumer, the change has already led to some reductions in the cost of the leading forms of finance, instalment credit, and may in time bring further reductions.

Though the domestic significance of the Bank of England's decision to cut Bank Rate to 5 per cent is clear, it is still potentially powerful in helping to encourage both consumer spending and industrial investment.

Mortgages

The reduction has, however, also presented some major problems with something of a dilemma. Not all of them, in spite of the lead given by the Government, are inclined immediately to cut the cost of their credit. Some of the instalment credit finance houses, for example, prefer to wait to see the full effect on what they have to pay for their funds. So far the building societies, which of all the big lenders probably have the most fundamental impact on living standards—have taken a cautious line. Now, for the first time in over two years, the cost of house mortgages is likely to fall.

The most direct impact of the Bank Rate cut, and probably the one most important to industry, is on the cost of bank credit. Possibly for the last time, it has brought an immediate cut in interest rates on overdrafts; for when the agreement among the banks on interest rates ends, with the introduction of the Bank of England's new credit controls, there is likely to be more flexibility.

This time, at least, the "blue chip" rate, available to the top quality risks in the company sector and set at 1 per cent over Bank Rate, automatically dropped to 6 per cent. Similar downward adjustments were made to the higher rates—up to perhaps 9 per cent, now charged to less credit-worthy customers.

A cut of 1 per cent in interest charges on loans—currently worth some £5,000m.—to industry and commerce by the clearing banks is clearly substantial in terms of the money involved. It brings the cost of bank finance in the U.K. already the lowest in Europe, to levels which, particularly in a period of high inflation, should help to encourage new investment.

Industry benefits in other ways. The cut is likely to affect the cost of the money which the big banks provide for industry, usually through special subsidiaries, on longer terms than normal. The terms of these loans, of up to five years, vary. At National Westminster, for example, the rates are fixed—a flat rate of 5½ per cent for secured loans between £2,000 and £15,000, and 7 per cent unsecured. Here new borrowers may find rates lower in future.

Others, like Barclays and the Midland, however, allow their rates on these types of loan to move, linking them either directly with Bank Rate or with money market rates.

Again, if the instalment credit companies decide to reduce their rates, industry—which accounts for a large proportion of the hire-purchase business—will benefit. Some houses are holding on for the time being; for example, United Dominions Trust, Britain's biggest instalment credit group, is making no immediate changes. But Forward Trust, of the Midland Bank group, immediately announced cuts across most of its lending business, bringing the cost of credit for industrial plant down by 1 per cent, and for commercial vehicles by 1 per cent.

Larger sums

Those companies which use the instalment credit companies to borrow rather larger sums, over longer periods of up to 10 years, are also likely to gain. These loans usually carry floating rates, which are increasingly being linked to the Finance Houses' Association's base rate, introduced last year and worked out in relation to the cost of money in the inter-bank market. The FHA rate has already come down from 7½ per cent in May to 6½ per cent, and to the extent that the Bank Rate cut leads to a drop in money market rates it may fall further.

Finally, if the Bank Rate cut leads to a rise in stock market prices, the cost of permanent capital for industry and commerce will also be reduced. The consumer is perhaps less immediately affected, unless he is able to get a normal bank overdraft. So far, the response of the lenders which are most

important in this field—the instalment credit houses and the banks—has been rather mixed. The personal loan, which is becoming the main medium of bank lending for consumer purchases, is available at rates which are still relatively cheap. Midland Bank has cut the rate on its personal loans, available

At this stage, not all the houses are committing themselves to cutting the cost of their money. Compared with overdraft rates, for example, borrowing from finance houses on hire purchase or personal loan tends to be expensive. For one thing, the rates they charge are related not directly to Bank Rate, but

car, for example, Forward Trust has cut its rate from a flat 11½ per cent to 10½ per cent, equivalent to a true rate of between 19 and 20 per cent (while UDT is still at 11½ per cent). A man who borrows £750 to buy a new car would, at this rate, save some £22.50 over three years at the new

single area of individual borrowing. The issue tends to arouse strong emotions. Home ownership is generally regarded by the building society movement itself as well as by the politicians, as a major problem; now, after the long time they have resisted the falling trend of interest rates, the building societies are likely to follow it.

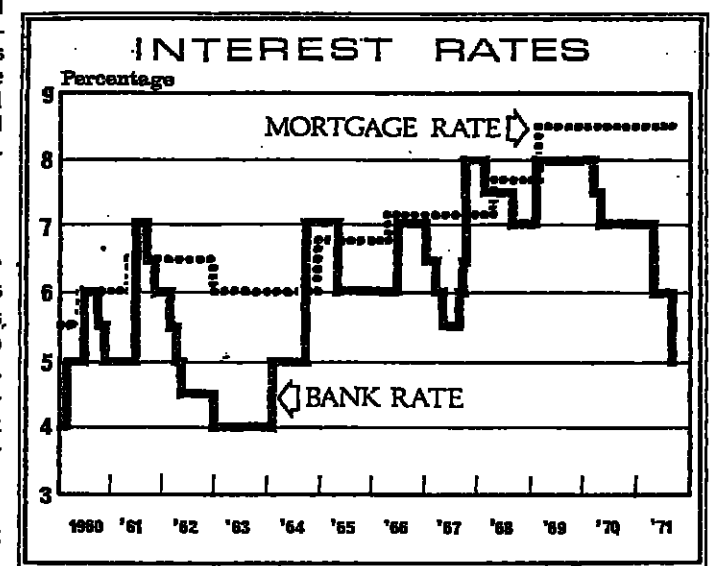
The result of keeping their rates at this level, and the rates they pay on their deposits and shares at comparable levels, has been the very large inflow of money recorded this year and the substantial rise in their liquidity ratios.

Pressure

For this they have recently come under attack. Their answer has been that they need the money. Mortgage lending this year may well exceed £2,500m., compared with nearly £2,000m. last year. Even at this level, they argue, there is no sign that the demand for mortgage finance is being fully satisfied.

Money is going out almost as fast as it is coming in, and the societies have been unwilling to cut their deposit rates (which would have to be done if mortgage rates were reduced) while the demand for lending is unsatisfied. Since the mortgage rate, bearing in mind the tax relief available, is still very low in relation to most other interest rates, they have argued, it has been better to maintain the inflow of money.

Now, however, the pressure for a reduction is likely to be too strong to resist. With Bank Rate now down to 5 per cent, home owners across the country will probably be getting their money more cheaply.



The cost of borrowing

	% p.a.
Building Societies Mortgage rate	8½
Banks	-
Overdrafts	6-9
Personal loans	13-14½
Barclaycard	18
Finance houses (standard rates)	
New cars	20-22½
1-year-old cars	22½-24½
3-year-old cars	25½-27½
Industrial plant	13½-18½

* Depending on size of loan.
Percentages quoted are true rates, taking account of the declining balance owed during the loan term. Flat rates are approx. half true rates.

On a second-hand car, a loan of £400 over three years would be £12 cheaper.

These rates, it should be noticed, are the standard charges for hire-purchase contracts. Borrowers who have a good credit record may well be offered rather lower terms; in some cases, this may make a difference of as much as 2 per cent "flat" to the interest rate.

The big decision to come is probably the most important

Held at 8½%

So far, the movement has resisted the temptation to cut its rates. The mortgage rate was set at 8½ per cent back in 1969, when Bank Rate was at 8 per cent. It has stayed at that level through successive reductions in Bank Rate down to 6 per cent—before Thursday's change. This maintaining

Labour News

Protest halts U.K. work on Concorde

BY ALEX HENDRY, LABOUR REPORTER

A WALKOUT by 2,000 BAC workers to protest against redundancies halted work on the Anglo-French Concorde project at Filton, near Bristol, yesterday. The men marched to the engineering employers' association offices in Bristol where a meeting between union officials and BAC management was due to take place.

But no progress was made on the talks because the management obliged to representatives from the shop floor at Filton and the Guided Weapons establishment, which is not affected by the 1,200 redundancies announced earlier this week, being present.

Dockers accept Olsen two-year pay deal

BY OUR LABOUR REPORTER

LONDON dockers employed by the Norwegian-owned Olsen shipping company yesterday accepted a new two-year pay deal that gives increases of between 13.1 per cent and 18.4 per cent in the first year.

The 246 dockers employed at Olsen's London wharf are already among the highest-paid workers in the port. Their new rates, backdated to July 12 this year, are £48.25, £48.50 and £48.75 for a 35-hour week. In July next year, they will get further all-round increases of £3.50 a week.

Labour conference likely to double subscriptions

LABOUR PARTY delegates, following the controversial appeal for funds in a political broadcast by party chairman Mr. Ian Mikardo earlier this week, are to be asked at their annual conference next month to approve subscription increases of 100 per cent.

In the annual report published today, Mr. Douglas Richards, secretary of the finance department, warns that the working deficit for the current year is expected to be £185,000. The present annual subscription rates are 60p for individual members and 75p for members affiliated through trade unions.

Delegates will be asked to approve new subscription rates of £1.20 for individual members and £1.50 for members affiliated through trade unions. The new rates will be in force from January 1, 1972.

Corfield urges Europe air unity

BY RAY DAFTER

MR. FREDERICK CORFIELD, Minister for Aerospace, yesterday called for greater European collaboration and integration in the aircraft industry.

"I believe that we have to go a long way further than collaboration project by project, and build up permanent international companies with integrated resources," he said in his constituency of South Gloucestershire.

It was clear that the cost of major civil aviation projects both for engines and airframes was becoming beyond the capacity of any single European national aviation industry and of the great U.S. companies as well.

If the U.K. was to remain in the aviation field at a significant technological level more collaboration was needed.

"Unless we are to be very much the junior partner and little more than a licensee, this means Europe rather than America."

Mr. Corfield said he was becoming increasingly convinced that this could not be achieved if the U.K. did not join the Common Market. "We should

Lockheed offers extended-range version of TriStar

BY RAY DAFTER

LOCKHEED is now offering airlines an extended-range version of the Rolls-Royce RB-211 powered TriStar in order to compete more effectively with McDonnell Douglas and Boeing.

Plans for a very long-range TriStar have already been put aside in view of the considerable development costs involved in changing the airframe and engines.

Lockheed feels, however, that it can meet most of the demand with an extended-range version, with a range of about 4,000 nautical miles, without materially changing the aircraft and engine designs.

One potential customer, Iran Air, has already been told by Lockheed that such an aircraft could be available by 1974 or 1975. Similar undertakings have been given to other international airlines requiring long-range aircraft.

Break-even point

Lockheed, which would not comment officially yesterday, is obviously mindful that it needs an extended-range version of the TriStar to effectively compete with the Boeing 747 and the McDonnell Douglas DC-10.

Airlines have so far ordered or taken deposit-backed options on 178 TriStars. Lockheed puts the break-even number at between 255 and 265, a break-even point which is unlikely to be changed to any extent by the production of the extended-range version.

Both Lockheed and Rolls-Royce seem confident they will be able to reach the 45,000-lb. engine take-off thrust needed for the extended-range version with its increased load due to the weight of the take-off thrust from the 42,000 lbs.

needed in the current basic TriStar version, Lockheed anticipates adding some 900 miles to the aircraft's range.

'Stretched' version

This would give the extended version a range of about 4,000 nautical miles, considerably shorter than the range of the Boeing 747 or the very long-range DC-10, but still sufficient for transatlantic flights, for example.

Rolls-Royce yesterday flew three RB-211 engines from Derby to Lockheed's plant at Palmdale, California, in a stretched version of the Hercules freighter aircraft.

A Rolls-Royce spokesman said the engines, rated at 42,000 lbs. of take-off thrust at standard day temperatures, would be used in the aircraft certification programme.

Yesterday's consignment took the total number of engines delivered to 23. In the past, only two engines at a time have been flown to the U.S.

In London, a Lockheed spokesman said the company was taking on 4,400 workers for the TriStar project in America. Most of these would be drawn from the 9,200 laid off in February following the Rolls-Royce crash.

The spokesman added that it was intended to build the present TriStar labour force of 9,200 to about 15,000 in the first quarter of next year; this will be only 2,000 less than in February.

Rolls-Royce aero-engine division at Derby also announced it was recruiting more skilled labour, possibly 25 to 30 men a day take-off thrust at standard day temperatures, would be used in the aircraft certification programme.

The time being to syndicate their Treasury bill tenders, the agreement by which they agreed a common rate for prime bank bills has been discontinued, in the light of the banking reforms expected to come into play shortly.

Applications at the Treasury bill tender rose by £56.8m. to £367.4m. with the amount of bills being commonly prepared to buy on offer increased by £40m. to £220m., and the Discount market received a quota of 39 per cent of application, against 47 per cent, the previous week.

All bills offered were allotted, while next Friday £200m. bills will be on tender, against maturities of £180m.

Exchequer gap up £69m.

THE EXCHEQUER'S net borrowing requirement for the financial year to date ran further way from the Budget estimates in July, largely as a result of the strength of sterling.

The borrowing increased £68.4m. during the month, to total £1,017.5m. in the first five months of the financial year. In July 1970, the Exchequer was able to repay debt of £49.7m., while the first five months of the last financial year produced net debt repayments of £223.4m.

The trend is thus contrary to that suggested in the Budget, which allowed for £336m. of debt to be repaid on balance over the

whole of the financial year, whereas last year there was net borrowing of £188.4m.

A principle factor in the current situation is the call for sterling made recently by the Exchange Equalisation Account to satisfy international demand.

In July, the Treasury allocated £100m. to meet changes in the Account's sterling capital, and this brought the total used for this purpose in the year to date to £350m. The Budget made no allowance for this.

But even without the EEA calls, the Exchequer returns have been out of line with the Budget figures.

Ellerman sells 4 ships for £1.2m.

BY JAMES McDONALD, SHIPPING CORRESPONDENT

ELLERMAN LINES—one of Britain's leading shipping groups—has sold its four passenger-cargo liners previously operating on the route in the South Africa-Europe trade to a Greek shipowner for about £1.25m.

The four ships—each of about 13,250 gross tons and around 20 years old—were withdrawn from the South Africa-Europe trade earlier this year and put up for sale because of an "unprecedented and massive rise in operating costs" on the route.

The buyer is the Greek shipowner, Mr. A. M. Karageorgis, who has a large fleet mainly concerned with cargo shipments. With the four Ellerman vessels he now intends to enter the passenger shipping sector.

The first two ships are already en route to Piraeus and the other two will be delivered there later this month.

It is understood that certain conversion work will be carried out before the ships begin trading under their new colours and names in the spring of next year.

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WALL STREET + OVERSEAS MARKETS + LATEST PRICES

Strong and active—up 12.12

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Sept. 3.

RENEWED INTEREST sent Wall Street widely higher to-day, with the changed outlook for the economy again cited as the major factor.

The Dow Jones Industrial Average jumped 12.12 to 912.73, for a net rise of 4.60 on the week, while the NYSE All Common Index, at \$35.66, rose 76 cents on the day and 14 cents on the week. Volume shot ahead by 3.55m. shares to 14.04m., while advances led declines by 1,108 to 323.

Several factors helped the Stock Market advance, including General Motors' statement that its 12.3 per cent rise in car sales in late August indicated "consumer confidence is growing and being translated into consumer buying."

Speculation that a major bank might soon cut the prime rate was also cited. A small Arizona bank did cut its prime rate to 5½ per cent, for the duration of the wage-price freeze.

Analysts said strength in the

Bond Market and short covering ahead of scheduled speeches by President Nixon additionally aided the advance.

President Nixon plans to speak in Chicago to-night and has a radio broadcast scheduled for Monday on Monday, when all U.S. and Canadian markets will be closed.

Next week as Congress returns to Washington, and there is some speculation additional tax cuts, or increased social security benefits, may be approved.

Motors were strong, buoyed by their late August sales figures. General Motors added \$2 at \$85, Ford \$1 at \$70, and Chrysler \$1 at \$25.

In the Airline Group Transworld gained \$1 to \$32, Western \$1 to \$29, National \$1 to \$28, North West \$1 to \$32, After the market closed, National and Northwest announced plans to merge.

The American SE Index rose 21 cents to \$25.51, for a net rise of 24 cents.

OTHER MARKETS

Canada moves ahead

All sectors moved up in moderate trading on Canadian Stock Markets yesterday. Gains were in the lead, rising 3.66 on index, followed by Western Oil, up 2.55, Base Metals, up 1.19, Banks, up 1.13, and 14 others, up 0.93.

Most State Loans edged lower. OSLO—Banks and Insurances quiet, Industrials barely steady, Shippings irregular.

VIENNA—Well maintained in quiet trading. COPENHAGEN—Majority of declines, but Industrials slightly firmer.

GERMANY—Barely maintained after professional evening-up operation pared early gains. Leading Banks and Electricals eased, Motors and Engineering mixed. Kloeckner—Humboldt-Deutz lost DM2 after announcing short-time working.

BONDS continued firm. BRUSSELS—Quietly mixed, with Foreign stocks tending firmer.

President Brand featured firm.

PARIS—Generally more resistant, in the absence of any special new factors influencing trading. Oils moved higher. Citroen rose 1.3 on its expectation to balance its accounts this year. Banks and Investments eased. Foreign issues irregular. Gains improved.

STOCKHOLM—Irregular trend. DANES—Vigorous Gold and Mining. Financials were firm. London interest was noted although it was "not as much as expected."

Coppers were mixed, while Industrials narrowly mixed.

TOKYO—Mixed, with an easy undertone. Volume 180m. (230m.) shares.

There was selective interest in Foods, Beverages and Leisure industry shares. Electricals were lower.

AUSTRALIA—Mining shares were featureless with no definite trends. Oils were firm and Industrials stronger.

New BSE lost 10 cents to \$9.40, but Bega Valley added 3 cents to \$2.88. Peko Waddell added 10 cents to \$9.90, but Pancontinental lost 7 cents to \$1.18.

Queensland Mines declined 20 cents to \$3.50. Kathleen Investments eased 5 cents to \$3.45. Selcast added 5 cents to \$1.75, but Pacific Copper fell 10 cents to \$1.70 and Poseidon slipped 50 cents to \$2.50.

In Oils, Esso edged up 4 cents to \$1.29.

Among Industrials, Philip Morris rose 10 cents to \$8.50, Email added 3 cents to \$9 cents, but the result, Yarra Falls lost 12 cents to \$1.38 on its reported loss.

Indices

NEW YORK

DOW JONES AVERAGES

Close	High	Low	Open	Prev. Close
912.73	915.00	910.00	908.13	908.13

Close	High	Low	Open	Prev. Close
35.66	36.00	35.00	35.00	35.00

Close	High	Low	Open	Prev. Close
14.04	14.50	13.50	13.50	13.50

Close	High	Low	Open	Prev. Close
1.108	1.150	1.050	1.050	1.050

Close	High	Low	Open	Prev. Close
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Close	High	Low	Open	Prev. Close
1.108	1.150	1.050	1.050	1.050

Close	High	Low	Open	Prev. Close
1.108	1.150	1.050	1.05	

Equities end the Account on a quiet but steady note

Index sheds 1.4 to 417.5—Gilts up again and Golds recover

ACCOUNT DEALING DATES

Optima

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headway to close 3p higher at

8p, and there were many other

small improvements of 1p or so.

Among leading stocks, Tube Is

vestments gave up 6p at 432p, the

interim results are scheduled for

Wednesday, and Gueland Keen

cheaper 2p at 400p. With the

exception of Swan Hellen, the

trading loss, while Blue Circle

were 4p off at 83p following the

half-yearly figures.

ICL, following further considera-

tion of the interim results, closed

unchanged at 328p, after 326p.

BSR wanted

BSR continued the rallying

movement after the recent set-

back on fears about the effects

of the U.S. import surcharge; BSR

for most of the day the price

ended 13p up at 386p with about

half the rise taking place in the

late-trading. A shade easier at

the start, BSR issues picked up

near closing after the non-

results and closed 10p better, the

Ordinary at 100p and the "A" at

180p. Thora Electrical Ordinary

ended 1p up at 210p, while

424p respectively, but Chloride

showed renewed dullness at 112p,

down 3p, while Plesey, whose

results are expected during the

next Account, were the same

amount lower at 129p.

In response to the new offer

from United Drapery Stores, A.

and S. Henry moved up 7p to

88p, with the former steady at

134p. G. H. H. the other

contented to move up 4p to

428p. Grattan Warehouse

hardened 3p to 273p, while gains

in the region of 4p to 6p were

seen in MFI Warehouse, 194p,

Empire Stores, 330p, and Fre-

ma (London), 158p. Burton

Group "A" picked up 3p at 236p,

while Currys, 240p, and Vantona,

46p, put on 4p apiece. Spencer

Turner and Edwards improved 4p

to 210p in the interim results,

while gains of 1p were seen in

Benleys, 13p, Fairdale Textiles,

17p, and New Day, 31p.

The smaller to medium-sized

Engineering concerns claimed a

little support but the leaders were

not lower, and the market moved

trading. Ahead of the interim

results, due on September 14,

Barton and Sons moved up 5p

to 71p and in further response to

an announcement, the London

Restoration gained 2p more to

45p. Revived speculative buying

lifted Fairay 7p to 227p and Anglo-

Swiss 4p to 62p. Linrad made

5p to 22p.

A quiet day in the Brewery

market left prices a shade lower

where, after the trend, the

market moved up 1p to 460p on

Press comment.

Despite further cheerful news

concerning the Building Industry

Building issues made little fur-

ther progress and changes were

usually small. Ruberoid put on 2p

to 79p.

dent statement, Houchins im-

proved 1p to 72p. Houchins

was supported up to 83p for a

gain of 2p. Improvements of

about 3p were seen in selected

Garages such as Dorada Holdings,

89p, T. Cowie, 24p, and Pride and

Clarke, 100p, the last-named in

response to vague bid talk

of a takeover by Anglo-Fin-

lawyer Stoddard came back on

closed at 230p, but Westland

ended 1p to 46p on small end-Ac-

count bearing.

Although Properties were again

slightly easier on the day, there

was a noticeable revival in

demand for selected stocks after

5 p.m. Land Securities were a

round example, recovering from

180p to 231p for a net gain of

1p. Sear, still down 2p at 206p,

ended 1p to 207p. In contrast,

while Edger Investment lost 6p

at 160p, after 165p, Oddealm's

moved higher from the start and

closed at 342p, while Great

Portland rose 5p to 363p.

Anticipating good interim

figures shortly, buyers moved

again on Harrison and Sons, up

4p more to 118p. Jefferson

Smurfit added 5p to 100p, but

the market was

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS		Friday, Sept. 3, 1971				Thurs. Sept. 2		Wed. Sept. 1		Tuesday Sept. 31		Friday Sept. 27		Year Ago Sept. 1970		Highs and Lows Since	
GROUPS & SUB-SECTIONS		With 402 Corporation Tax				Index No.		Index No.		Index No.		Index No.		Index No.		1971 Since computation	
Figures in parentheses after sectional names show number of stocks		Index No.		Day's Change %		Vol. Straddle yield %		Est. Price Earnings Ratio		Div. yield %		Index No.		Index No.		1971 Since computation	
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F.T. SHARE INFORMATION SERVICE

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